MINUTES OF THE REVENUE AND TAXATION INTERIM COMMITTEE

Tuesday, December 16, 2008 – 8:00 a.m. – Room C445 State Capitol

Members Present:

Sen. Wayne L. Niederhauser, Senate Chair

Rep. John Dougall, House Chair

Sen. Curtis S. Bramble

Sen. Mike Dmitrich

Sen. Brent H. Goodfellow

Sen. Howard A. Stephenson

Pres. John L. Valentine

Rep. Douglas C. Aagard

Rep. Rebecca Chavez-Houck

Rep. Tim M. Cosgrove

Rep. Julie Fisher

Rep. Gage Froerer

Rep. Wayne A. Harper

Rep. Fred R. Hunsaker

Rep. Rosalind J. McGee

Rep. Carol Spackman Moss

Rep. Merlynn T. Newbold

Rep. Paul Rav

Members Absent:

Rep. Craig A. Frank

Rep. Aaron Tilton

Staff Present:

Mr. Phillip V. Dean, Policy Analyst

Mr. Leif G. Elder, Policy Analyst

Ms. Angela D. Oakes, Associate General Counsel

Ms. Rebecca L. Rockwell, Associate General Counsel

Ms. Phalin L. Flowers, Legislative Secretary

Note: A list of others present, a copy of related materials, and an audio recording of the meeting can be found at www.le.utah.gov.

1. Committee Business

Chair Dougall called the meeting to order at 8:44 a.m.

MOTION: Sen. Goodfellow moved to approve the minutes of the November 12 and November 19, 2008 meetings. The motion passed unanimously with Sen. Bramble, Pres. Valentine, Rep. Fisher, Rep. Moss, Rep. Newbold, and Rep. Ray absent for the vote.

2. Truth in Taxation Newspaper Advertisement Requirements

Rep. Froerer discussed 2009 General Session draft legislation, "Public Hearings on Property Tax Increases," which was mailed to the Committee prior to the meeting.

Mr. Denny Lytle, Director, Property Tax Division, Utah State Tax Commission, said truth in taxation advertisements would be more accurate if the amount of new growth was not included.

MOTION: Rep. Fisher moved to adopt 2009 General Session draft legislation, "Public Hearings on Property Tax Increases," as a committee bill. The motion passed unanimously with Sen. Bramble, Pres. Valentine, Rep. Harper, and Rep. Newbold absent for the vote.

3. Property Tax Revisions

Ms. Oakes distributed and discussed "Comparison of School District Revenue Sources Proposals." She explained that the document gives a summary of each of the three property tax bills that the Committee will review during the meeting. She also distributed and discussed 2009 General Session draft legislation,

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"Property Tax Revisions," which was an updated version of the version mailed to the Committee prior to the meeting. She also gave an explanation of discretionary levies.

Mr. Larry Newton, School Finance Director, Utah State Office of Education, explained that four school districts, South Summit, Logan, Duchesne, and San Juan, would be affected by the increased levy limitation.

Ms. Janet Robertson, School Business Administrator, Salt Lake City School District, representing school business administrators, discussed the impact the draft legislation would have on school business administrators and local school boards. She said she believes there are other ways to increase local control than combining all the current levies.

Mr. Royce Van Tassell, Utah Taxpayers Association, said that the draft legislation has less to do with local control and more to do with transparency and allowing taxpayers to better understand how revenues are spent. He noted that the Utah Taxpayers Association would like to talk further with the sponsor of the draft legislation about ways to prevent unnecessary tax increases, but voiced support for the proposal.

MOTION: Sen. Niederhauser moved to adopt 2009 General Session draft legislation, "Property Tax Revisions," as a committee bill. The motion failed with Sen. Bramble, Sen. Niederhauser, Rep. Aagard, Rep. Dougall, Rep. Fisher, Rep. Froerer, Rep. Hunsaker, and Rep. Ray voting in favor and Pres. Valentine, Rep. Harper, and Rep. Newbold absent for the vote.

4. Imposition of Property Taxes by Taxing Entities with Non-Elected Boards

Mr. LeGrand Bitter, Utah Association of Special Districts, answered questions that were raised at the last meeting and noted that there were approximately 600 appointed officials with authority to impose a property tax.

Mr. Mark Anderson, General Counsel, Utah Association of Special Districts, distributed and discussed "Local Districts in Utah: An Historical Perspective."

Mr. Marc Edminster, Lewis Young Robertson & Burningham, representing Mr. Scott Robertson, distributed and discussed "Written Testimony Presented by Scott J. Robertson."

Mr. Ryan Bjerke, Chapman and Cutler, said that changing the taxing authority of a board could have a negative impact on the bond ratings of local entities.

5. Public School Funding

Rep. Harper introduced this item and explained that the draft legislation is a way to equalize education funding and fund schools with sales and use taxes while reducing property taxes.

Ms. Oakes distributed and discussed 2009 General Session draft legislation, "Public School Funding," which was an updated version of the version mailed to the Committee prior to the meeting.

Rep. Harper distributed and discussed spreadsheets relating to the draft legislation.

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Ms. Robertson voiced concerns with the draft legislation.

Mr. Van Tassell voiced concerns with the draft legislation. He said that taxpayers pay a greater proportion of their income in sales and use taxes than in property taxes. He said the proposal would be a net tax increase over the long term.

Mr. Dave Davis, Vice President and General Counsel, Utah Food Industry Association and Utah Retail Merchants Association, voiced concerns about raising Utah's sales and use tax above neighboring states and relying on such a volatile tax for education funding.

Ms. Allison Rowland, Voices for Utah Children, stated that property taxes and sales and use taxes are both regressive taxes. She also voiced concerns with relying on a volatile tax for education funding.

6. Property Tax Amendments

Rep. Newbold and Ms. Oakes distributed and discussed 2009 General Session draft legislation, "Property Tax Amendments," which was an updated version of the version mailed to the Committee prior to the meeting.

Ms. Robertson voiced concerns with the draft legislation.

Mr. Vik Arnold, Utah Education Association, spoke in support of the draft legislation.

MOTION: Rep. Harper moved to adopt 2009 General Session draft legislation, "Property Tax Amendments," as a committee bill. The motion passed with Rep. Chavez-Houck, Rep. Cosgrove, Rep. Fisher, Rep. McGee, and Rep. Moss voting in opposition and Sen. Bramble, Sen. Dmitrich, and Pres. Valentine absent for the vote.

7. Perspectives on the Utah Property Tax System -- V. Clark Richardson

Mr. Clark Richardson distributed and discussed "An Unjust Property Tax System is the Wrong Tax System" and "Property Tax Comparison of Utah State Government Assessments to Market Value."

8. Circuit Breaker Related Legislation

Rep. Froerer discussed 2009 General Session draft legislation, "Property Tax Relief Programs," which was mailed to the Committee prior to the meeting.

Ms. Oakes discussed two fiscal note memoranda, prepared by Thomas Young of the Office of the Legislative Fiscal Analyst, that explain Rep. Cosgrove's proposals for possible legislation.

Ms. Allison Rowland, Voices for Utah Children, spoke in favor of all three proposals, including the draft legislation.

9. Property Tax -- Local Administration Issues

Due to lack of time, this item was not discussed.

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10. Other Items / Adjourn

Sen. Niederhauser thanked the Committee, committee staff, and members of the public for their participation in the Committee's property tax study during the interim.

MOTION: Rep. Hunsaker moved to adjourn the meeting. The motion passed unanimously with Sen. Bramble, Sen. Dmitrich, Sen. Goodfellow, Pres. Valentine, Rep. Dougall, Rep. Fisher, and Rep. McGee absent for the vote.

Chair Niederhauser adjourned the meeting at 12:28 p.m.